

Alberta weekly economic review

March 2, 2012

Private and Public Investment

Investment intentions soar in Alberta...

Total investment in Alberta is set to soar past its previous peak set in 2008, according to the latest survey of investment intentions. Fueled by the oil and gas industry, Statistics Canada expects overall investment to jump by \$9.1 billion (10.3%) to over \$97.8 billion in 2012. Over half of the increase is expected to come from a \$5.3 billion jump in oil sands investment. Total capital spending in the oil sands is predicted to hit a record \$26.9 billion in 2012, supported by high oil prices.

Stronger capital spending is also predicted for conventional oil and gas (+\$1.4 billion), housing (+\$1.3 billion), and the utilities industry (+\$1.1 billion). While gains are fairly broad based, declines are expected in a few industries this year, including real estate (-\$1.5 billion), accommodation and food services (-\$0.2 billion), and health care (-\$0.2 billion). Overall, private investment in Alberta is expected to lead the way in 2012, accounting for 89.6% of the \$97 billion total and 99.2% of the \$9 billion increase.

In addition to a strong increase in 2012, Statistics Canada sharply revised Alberta's investment upwards for the previous two years, mainly reflecting upward adjustments to oil and gas industry capital spending.

Nationally, investment is expected to rise by \$23 billion (6.2%) to \$394.1 billion. The mining, oil and gas sector accounts for over half of the increase, and Alberta alone accounts for about 40% of the national gain. A quarter of all investment in the country is expected to come from Alberta in 2012. All of the provinces, except Prince Edward Island, expect their investment to increase in 2012.

Rigs Drilling

Rigs drilling hits highest level in nearly six years...

Activity in the oil patch continues to ramp up, with the average number of rigs drilling in Alberta jumping 14.5% in February to 459. This represents the highest level since March 2006. The rig utilization rate also posted a strong increase, from 69% in January to 77% in February.

Industrial Product and Raw Materials Price Indices

Price indices edge higher...

The price indices for industrial products and raw materials both inched up in January. The prices that industrial producers in Canada received for their products increased 0.3%, led by gains in petroleum and metal prices, while the prices paid by Canadian manufacturers for raw materials edged up a slight 0.1%.

Balance of International Payments

Canada posts a current account deficit for third straight year...

To finish the year, the nation's fourth quarter current account deficit contracted by \$2.0 billion to \$10.3 billion, compared to the third quarter. The main contributor was strong export growth, which caused the trade deficit to narrow.

In 2011, Canada's current account was in the red (-\$48.3 billion) for the third straight year. Prior to 2009, Canada had recorded ten straight years of surpluses.

Gross Domestic Product (GDP)

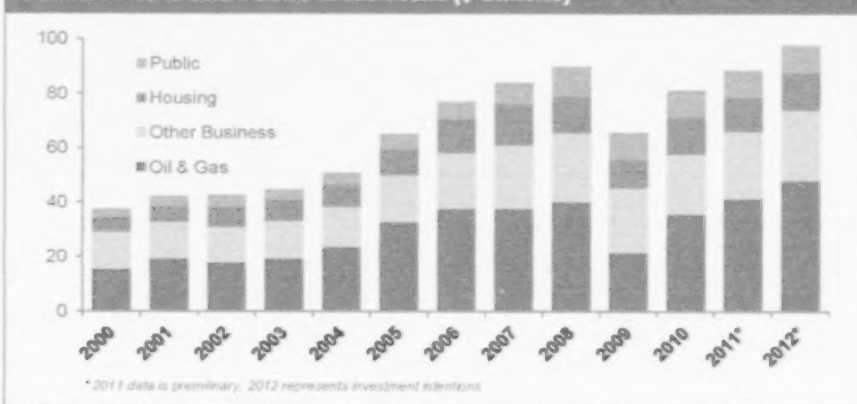
Pace of Canada's expansion slows in fourth quarter...

Canada's economic growth slowed to a modest 1.8% (annualized) pace in the final quarter of 2011, following a 4.2% (revised up from 3.5%) increase in the third quarter. The fourth quarter slowdown was mainly caused by a 19% annualized drop in government capital spending, as federal stimulus measures were phased out, as well as slower inventory accumulation. On a positive note, growth in consumer spending and business investment picked up in the final quarter. In 2011, the Canadian economy expanded by 2.5%.

... while US economy finishes year on a stronger note.

The U.S. economy grew at a stronger rate than initially estimated in the final quarter of 2011. Growth came in at 3.0% annualized, up from the initial estimate of 2.8% and well ahead of the third quarter pace of 1.8%. The acceleration was mainly due to stronger consumer spending, inventory accumulation and residential investment, which offset declines in government spending. Overall, the U.S. economy grew by 1.7% in 2011.

Alberta Private and Public Investment (\$ billions)



Closing Prices	February 23, 2012	March 1, 2012	2011-12 Fiscal YTD
Canadian Dollar (USD/CAD)	100.25	101.53	100.73
WTI Oil (\$US/bbl)	\$107.83	\$108.84	\$96.98
NYMEX Natural Gas (\$US/MMBtu)	\$2.62	\$2.46	\$3.74

Alberta Economic Indicators¹

Population	2010	2011	2012YTD	Sep	Oct	Nov	Dec	Jan	Feb
Population ² (1000s)	3,721	3,719	3,790		3,794				
% change	1.3	1.6	1.7		1.7				
Net international Migration ³ (level)	-2,181	13,660	3,136		3,136				
Net international Migration ³ (level)	21,533	14,093	7,580		7,580				
Net new permanent Residents ³ (level)	-77	7,988	2,296		2,296				
Labour Market									
Employment ⁴ (000s)	2,017	2,084	2,135.1	2,119	2,125	2,122	2,133	2,136	
% change	-0.4	3.8	3.9	5.1	4.4	4.9	-1.9	3.9	
Unemployment Rate (%)	6.5	5.5	4.9	5.3	5.3	5.0	4.9	4.9	
Participation Rate (%)	72.9	73.7	74.1	74.2	74.1	74.2	74.0	74.1	
Average Weekly Earnings (\$) ⁵	993	1039.5	-	1,050.2	1,049.9	1,047.6	1064.8	-	
% change	4.5	4.7	-	4.5	4.5	4.5	5.2	-	
Price Indices									
Consumer Price Index	1.0	2.4	2.9	2.8	3.4	3.2	2.9	2.9	
Excluding food and energy	0.8	0.8	1.4	1.4	1.1	1.5	1.2	1.4	
New Res. Building Costs Price Index ⁶	-0.1	3.4	-	3.3	-	-	4	-	
Farm Product Price Index	3.9	16.2*	-	13.6	11.3	8.5	-	-	
Cattle	14.5	16.7*	-	9.5	2.8	2.5	-	-	
Livestock	5.7	16.9*	-	14.6	18.3	18.5	-	-	
Household Sector									
Housing Starts (SAAR) (000s)	26.9	25.5	25.4	24.4	33.0	29.9	28.3	25.4	
% change	34.5	-5.3	31.6	9.6	25.0	34.7	37.4	31.6	
Housing Price Index ⁷	0.5	0.4	-	0.0	0.7	0.4	0.5	-	
Edmonton	-0.8	0.9	-	0.6	1.1	1.1	1.2	-	
Calgary	1.7	0.1	-	0.5	0.3	0.2	0.1	-	
M.L.S. Average Retail Price (\$ 000's)	350.9	355.8	347.0	359.2	352.3	355.6	351.0	347.0	
% change	3.1	1.0	-1.5	1.3	-1.4	0.3	0.7	-1.5	
Edmonton (\$ 000's)	326.5	325.7	324.7	331.8	326.7	326.0	328.0	324.7	
% change	2.3	-0.9	0.5	3.0	0.7	-0.9	1.3	-5.5	
Calgary (\$ 000's)	397.4	402.8	386.6	410.4	401.5	399.7	402.4	386.6	
% change	3.4	0.9	-4.2	0.2	-1.4	-0.2	1.7	-4.2	
Retail Sales	6.0	7.0	-	8.0	10.4	7.6	7.1	-	
New Motor Vehicle Sales	9.3	9.3	-	5.4	17.5	12.1	12.9	-	
Consumer Bankruptcies (level)	8,150	5,909*	-	5,35	5,15	-	-	-	
% change	18.4	-14.3*	-	-28.2	-36.4	-	-	-	
Business Sector									
NEW: Rigs Drilling (level)									
% change	207	285	430	346	335	330	338	401	459
Goods Exports (customs based)	61.3	37.9	8.9	96.5	28.7	19.4	25.8	7.8	9.9
Energy	12.4	18.3	-	27.8	21.3	30.9	14.5	-	-
Agriculture	17.2	19.2	-	27.2	25.4	33.6	15.3	-	-
Total Farm Cash Receipts (quarterly)	-14.4	21.4	-	41.5	36.5	31.7	30.3	-	-
Manufacturing Shipments	11.0	18.0	-	11.0	-	-	22.3	-	-
Wholesale Trade	10.8	14.8	-	12.5	17.6	15.0	14.4	-	-
Building Permits	2.1	11.2	-	29.6	10.7	14.6	50.6	-	-
Residential	24.7	4.7	-	33.3	21.4	35.1	37.8	-	-
Non-residential	19.8	20.4	-	24.6	1.3	7.4	65.6	-	-
Business Bankruptcies (level)	378	227*	-	23	30	-	-	-	-
% change	6.7	-27.9*	-	32.4	25.0	-	-	-	-

YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year.

* Unless otherwise indicated, all figures are year-over-year percentage change.

¹ Quarterly; annual numbers are presented on a current year basis (July 1-June 30).

² Quarterly; average of Calgary and Edmonton.

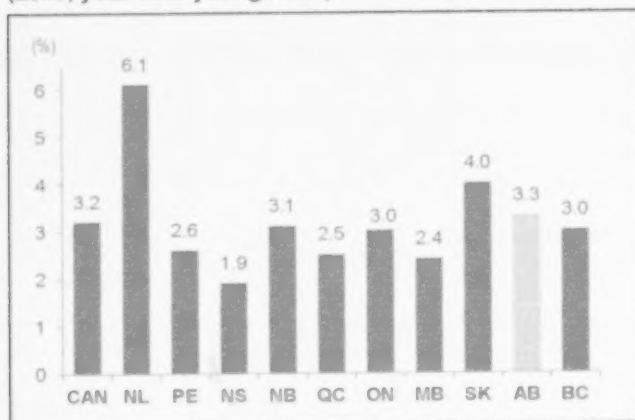
³ Average of Calgary and Edmonton.

⁴ Represents 2011 year-to-date.

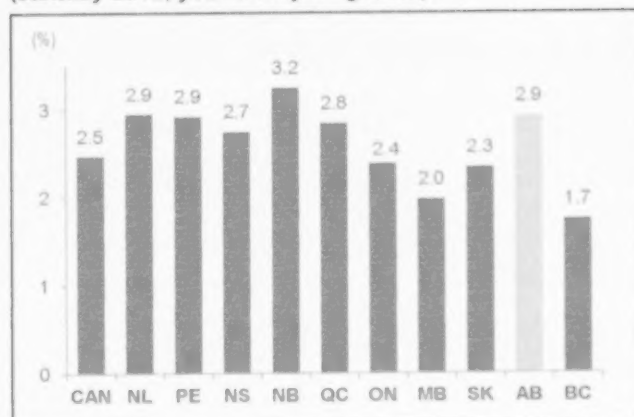
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), M.L.S. Average Retail Price (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

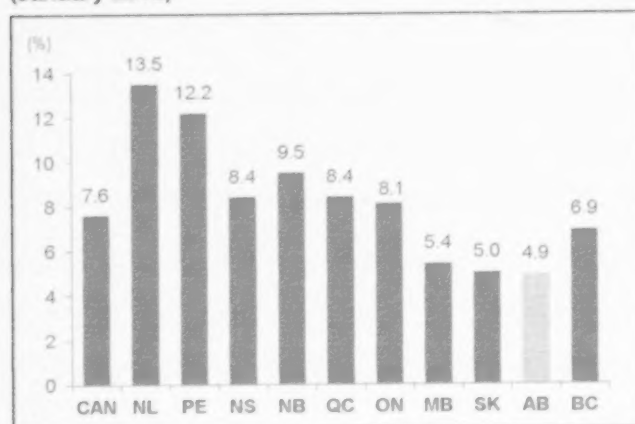
Real GDP Growth
(2010, year-over-year growth)



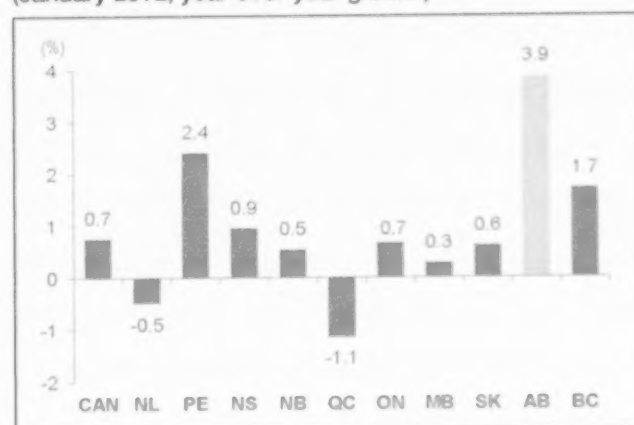
CPI Inflation
(January 2012, year-over-year growth)



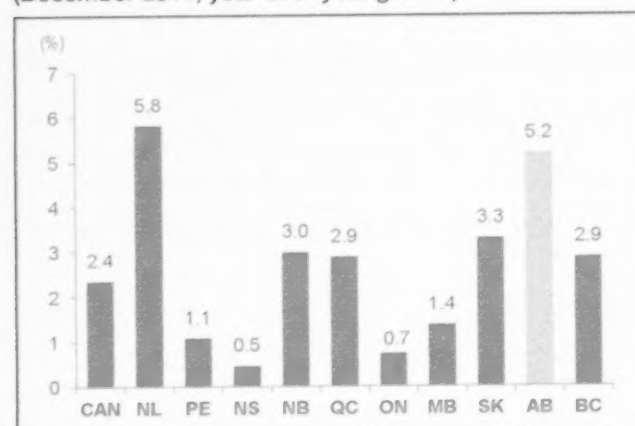
Unemployment Rate
(January 2012)



Employment
(January 2012, year-over-year growth)



Average Weekly earnings
(December 2011, year-over-year growth)



Housing Starts
(January 2012, SAAR, year-over-year growth)

